

Rate Increase Methodology for City of Hope National Medical Center
July 1, 2005-June 30, 2006
Effective Fiscal Year 2006—October 1,2005-September 30, 2006

A line-by-line review was conducted of the Charge Description Master (CDM) to review the prices for reasonableness, consistency, leveling, and relationship to competitor facilities. Prices were revised as appropriate. The percentage increase in gross charges for all line items was determined using the recommended prices and applying a 5% increase to the gross revenue of line items not reviewed. A complete summary is listed below.

The gross revenue impact associated with the pricing recommendations was determined by multiplying the incremental change in price by historical revenue and usage data at the procedure level.

The rate increase components are as follows:

Total 2005 Budgeted Gross Revenues	679,726,465
Additional Gross Revenues for Line Items Reviewed	16,813,843
Additional Gross Revenues for Balance of Annual Gross Revenues With a 5% Across-the-Board Price Increase 1	20,357,052
Total Additional Gross Revenues	37,170,896
Overall Percentage Increase In Gross Revenues 2	5.5%

- ◆ A total of 2,085 line items (including HLA Lab) from the CDM and Revenue and Usage with a CPT/HCPCS code and usage were compared to our market-focused pricing database.
- ◆ The increase in gross revenues associated with the recommended prices is 5.5% using the FY 2005 budgeted revenues (\$679,726,465) as the base.

If you have any questions, please contact me at (626) 256-4673 x62187

Thank you.



David Allen, VP of Finance
City of Hope National Medical Center
June 30, 2006